

**REPORT OF THE AUDIT OF THE  
FULTON COUNTY  
SHERIFF**

**For The Year Ended  
December 31, 2014**



**ADAM H. EDELEN  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE FULTON COUNTY SHERIFF**

**For The Year Ended  
December 31, 2014**

The Auditor of Public Accounts has completed the Fulton County Sheriff's audit for the year ended December 31, 2014. Based upon the audit work performed, the financial statement presents fairly, in all material respects, the receipts, disbursements, and excess fees in conformity with the regulatory basis of accounting.

#### **Financial Condition:**

Excess fees decreased by \$7,057 from the prior year, resulting in excess fees of \$15,147 as of December 31, 2014. Receipts increased by \$12,888 from the prior year and disbursements increased by \$19,945.

#### **Debt Obligation:**

Total debt principal as of December 31, 2014, was \$32,221. Future collections of \$33,693 are needed over the next two years to pay all debt principal and interest.

#### **Report Comments:**

- 2014-001 The Fulton County Sheriff Had \$129 Of Disallowed Disbursements
- 2014-002 The Sheriff Overspent His Approved Budget For Calendar Year 2014
- 2014-003 The Sheriff Overspent The Maximum Salary Limitation Fixed By Fiscal Court
- 2014-004 The Fulton County Sheriff's Office Lacks Adequate Segregation Of Duties
- 2014-005 The Sheriff Should Maintain Documentation Of Accumulated Leave Balances

#### **Deposits:**

The Sheriff's deposits as of November 4, 2014 were exposed to custodial credit risk as follows:

- Uncollateralized and Uninsured \$325,838

The Sheriff's deposits were covered by FDIC insurance and a properly executed collateral security agreement, but the bank did not adequately collateralize the Sheriff's deposits in accordance with the security agreement.



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**ADAM H. EDELEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Jim Martin, Fulton County Judge/Executive  
The Honorable Robert Hopper, Fulton County Sheriff  
Members of the Fulton County Fiscal Court

Independent Auditor's Report

**Report on the Financial Statement**

We have audited the accompanying statement of receipts, disbursements, and excess fees - regulatory basis of the County Sheriff of Fulton County, Kentucky, for the year ended December 31, 2014, and the related notes to the financial statement.

**Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



The Honorable Jim Martin, Fulton County Judge/Executive  
The Honorable Robert Hopper, Fulton County Sheriff  
Members of the Fulton County Fiscal Court

### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1 of the financial statement, the financial statement is prepared by the County Sheriff on the basis of the accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the County Sheriff, as of December 31, 2014, or changes in financial position or cash flows thereof for the year then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 2014, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated May 12, 2015 on our consideration of the Fulton County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control over financial reporting and compliance.



The Honorable Jim Martin, Fulton County Judge/Executive  
The Honorable Robert Hopper, Fulton County Sheriff  
Members of the Fulton County Fiscal Court

**Other Reporting Required by Government Auditing Standards (Continued)**

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discusses the following report comments:

- 2014-001 The Fulton County Sheriff Had \$129 Of Disallowed Disbursements
- 2014-002 The Sheriff Overspent His Approved Budget For Calendar Year 2014
- 2014-003 The Sheriff Overspent The Maximum Salary Limitation Fixed By Fiscal Court
- 2014-004 The Fulton County Sheriff's Office Lacks Adequate Segregation Of Duties
- 2014-005 The Sheriff Should Maintain Documentation Of Accumulated Leave Balances

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Adam H. Edelen', with a stylized flourish at the end.

Adam H. Edelen  
Auditor of Public Accounts

May 12, 2015

FULTON COUNTY  
ROBERT HOPPER, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2014

Receipts

State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)	\$	7,029
State Fees For Services:		
Finance and Administration Cabinet	\$	29,113
Sheriff Security Service	<u>8,995</u>	38,108
Circuit Court Clerk:		
Fines and Fees Collected		4,566
Fiscal Court		76,259
County Clerk - Delinquent Taxes		7,505
Commission On Taxes Collected		118,220
Fees Collected For Services:		
Auto Inspections	166	
Accident and Police Reports	1,868	
Serving Papers	9,840	
Carrying Concealed Deadly Weapon Permits	<u>1,360</u>	13,234
Other:		
Add-On Fees	12,046	
Local Transport	1,255	
Other Income	<u>602</u>	13,903
Interest Earned		25
Borrowed Money:		
State Advancement		<u>65,000</u>
Total Receipts		343,849

The accompanying notes are an integral part of this financial statement.

FULTON COUNTY  
 ROBERT HOPPER, SHERIFF  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2014  
 (Continued)

Disbursements

Operating Disbursements and Capital Outlay:

Personnel Services-			
Deputies' Salaries	\$ 93,377		
KLEFPF	6,717		
Deputies' Back-Pay	12,888		
Employee Benefits-			
Employer Share Retirement (KLEFPF)	91		
Contracted Services-			
Advertising	84		
Repairs and Maintenance	10,313		
Materials and Supplies-			
Office Materials and Supplies	10,465		
Uniforms	2,715		
Computer Expense	3,140		
Auto Expense-			
Gasoline	8,960		
Other Charges-			
Conventions and Travel	11,375		
Dues	947		
Postage	2,455		
Court Facility Fees	330		
Bad Debt Expense	15		
Miscellaneous	2,427		
Capital Outlay-			
Office Equipment	43		
Law Enforcement Equipment	4,262	\$	170,604
Debt Service:			
State Advancement	65,000		
Principal on Note Payable	11,758		
Interest on Note Payable	1,295		78,053
Total Disbursements			248,657
Less: Disallowed Disbursements			129
Total Allowable Disbursements			\$ 248,528

The accompanying notes are an integral part of this financial statement.

FULTON COUNTY  
 ROBERT HOPPER, SHERIFF  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2014  
 (Continued)

Net Receipts		\$	95,321
Less: Statutory Maximum			<u>76,264</u>
Excess Fees Due County for 2014			19,057
Less: Training Incentive Benefit			<u>3,910</u>
Excess Fees Due County for 2014			15,147
Payments to Fiscal Court - January 31, 2014	\$	14,000	
Payments to Fiscal Court - March 13, 2015		<u>1,018</u>	<u>15,018</u>
Balance Due Fiscal Court at Completion of Audit		\$	<u><u>129</u></u>

The accompanying notes are an integral part of this financial statement.

FULTON COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2014

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the Sheriff as determined by the audit. KRS 134.192 requires the Sheriff to settle excess fees with the fiscal court at the time he files his final settlement with the fiscal court.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a special purpose framework. Under this regulatory basis of accounting receipts and disbursements are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2014 services
- Reimbursements for 2014 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2014

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

FULTON COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2014  
(Continued)

Note 2. Employee Retirement System

The county official and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 18.89 percent for the first six months and 17.67 percent for the last six months.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

CERS also provides post retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

<b>Years of Service</b>	<b>% paid by Insurance Fund</b>	<b>% Paid by Member through Payroll Deduction</b>
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

FULTON COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2014  
(Continued)

Note 3. Deposits

The Fulton County Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The Fulton County Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2014, all deposits were covered by FDIC insurance or a properly executed collateral security agreement. However, as of November 4, 2014, public funds were exposed to custodial credit risk because the bank did not adequately collateralize the Sheriff's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured      \$325,838

Note 4. Drug Fund

The Fulton County Sheriff maintains a Drug Forfeiture Fund, as set forth by KRS 218A.435. The account is to be funded by court-ordered forfeitures of money or proceeds from the sale of forfeited property, and interest received on these funds. The funds are to be used for various law enforcement operations, equipment and education. As of January 1, 2014 the Drug Fund had a balance of \$7,204. During the calendar year, funds of \$2,673 were received and \$6,624 were expended, leaving an ending balance of \$3,253 as of December 31, 2014.

Note 5. Promissory Note

The Office of the Sheriff is liable for a secured promissory note to Citizens Bank in the amount of \$59,969. The purpose of the note was to purchase law enforcement vehicles. The note matures in July 2017 and the interest rate is 3.375 percent. The principal balance of the note was \$32,221. The Office of the Sheriff was in compliance with the terms of the agreement as of December 31, 2014.

Year Ended		
31-Dec	Principal	Interest
2015	\$ 12,151	\$ 901
2016	12,566	486
2017	7,504	85
	<u>\$ 32,221</u>	<u>\$ 1,472</u>

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





**ADAM H. EDELEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Jim Martin, Fulton County Judge/Executive  
The Honorable Robert Hopper, Fulton County Sheriff  
Members of the Fulton County Fiscal Court

**Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards**

**Independent Auditor's Report**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the statement of receipts, disbursements, and excess fees - regulatory basis of the Fulton County Sheriff for the year ended December 31, 2014, and the related notes to the financial statement and have issued our report thereon dated May 12, 2015. The County Sheriff's financial statement is prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a special purpose framework.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Fulton County Sheriff's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Fulton County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fulton County Sheriff's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying comments and recommendations, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying comments and recommendations as items 2014-004 and 2014-005 to be material weaknesses.



Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

### **Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Fulton County Sheriff's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations as items 2014-001, 2014-002, and 2014-003.

### **County Sheriff's Response to Findings**

The Fulton County Sheriff's responses to the findings identified in our audit are described in the accompanying comments and recommendations. The County Sheriff's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Adam H. Edelen  
Auditor of Public Accounts

May 12, 2015

## COMMENTS AND RECOMMENDATIONS



FULTON COUNTY  
ROBERT HOPPER, SHERIFF  
COMMENTS AND RECOMMENDATIONS

For The Year Ended December 31, 2014

STATE LAWS AND REGULATIONS:

2014-001 The Fulton County Sheriff Had \$129 Of Disallowed Disbursements

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The Fulton County Sheriff had \$129 of disallowed disbursements for calendar year 2014. These disbursements were for dietary supplements purchased for a Deputy and are disallowed due to their personal nature.

In accordance with Funk vs. Milliken, 317 S. W. 2d 499 (Ky. 1958), Kentucky's highest court ruled that county fee officials' expenditures of public funds will be allowed only if they are necessary, adequately documented, reasonable in amount, beneficial to the public, and not primarily personal in nature. Given the fact that these disbursements did not meet the necessary criteria, they have been disallowed.

Disallowed disbursements should be repaid with a deposit of personal funds, therefore, we recommend the Fulton County Sheriff repay \$129 from his personal funds to the Fulton County Fiscal Court.

*Sheriff's Response: I believe since the Department of Criminal Justice requested this it should be allowed, but I am willing to pay back if necessary.*

2014-002 The Sheriff Overspent His Approved Budget For Calendar Year 2014

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During our audit, we noted the Fulton County Sheriff's operating expenditures exceeded the budget approved by the Fulton County Fiscal Court by \$30,801. The Fulton County Fiscal Court approved the Sheriff's budget for official expenses at \$297,550; however, according to his 4<sup>th</sup> Quarter Financial Report, the Sheriff expended \$328,351.

The state local finance officer requires the fiscal court to approve a calendar year budget for each fee office as a component of the county's budget preparation process by January 15<sup>th</sup> of each year. KRS 68.210 states that the administration of the county uniform budget system shall be under the supervision of the state local finance officer who may inspect and shall supervise the administration of accounts and financial operations and shall prescribe a system of uniform accounts for all counties and county officials.

We recommend the Fulton County Sheriff monitor his budget throughout the year and request budget amendments as necessary from the fiscal court, prior to exceeding budgeted amounts.

*Sheriff's Response: A budget amendment will be completed when the Fee account is closed out before the new account is audited. At the end of 2014 we were in budget. Due to unexpected income coming in after the first of the year, we neglected to do a budget amendment.*

FULTON COUNTY  
ROBERT HOPPER, SHERIFF  
COMMENTS AND RECOMMENDATIONS  
For The Year Ended December 31, 2014  
(Continued)

STATE LAWS AND REGULATIONS: (Continued)

2014-003 The Sheriff Overspent The Maximum Salary Limitation Fixed By Fiscal Court

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During our audit, we noted the Fulton County Sheriff overspent his maximum salary limitation as fixed by the Fiscal Court by \$898. The Fulton County Fiscal Court fixed the Deputies' salary limit at \$99,195; however, the Sheriff expended \$100,093.

KRS 64.530(3) states, "the fiscal court shall fix annually the maximum amount, including fringe benefits, which the officer may expend for deputies and assistants, and allow the officer to determine the number to be hired and the individual compensation of each deputy and assistant."

By overspending the salary limit fixed by the fiscal court, the Sheriff was not in compliance with KRS 64.530(3). Therefore, we recommend the Fulton County Sheriff monitor his payroll expenditures during the year and obtain any necessary amendments, before year end.

*Sheriff's Response: Our salary order was submitted and approved in January. Fiscal Court approved a raise in July that was not included in this salary order. An amended salary order will be submitted if raises are given.*

INTERNAL CONTROLS – MATERIAL WEAKNESSES:

2014-004 The Fulton County Sheriff's Office Lacks Adequate Segregation Of Duties

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The Fulton County Sheriff's office has a lack of segregation of duties. Due to a limited number of staff and the diversity of operations, the Bookkeeper is required to perform multiple tasks such as the collection of cash from customers, daily checkout procedures, deposit preparation, bookkeeping, and bank reconciliations.

Segregation of duties over these tasks or the implementation of compensating controls, when limited by the number of staff, is essential for providing protection against the misappropriation of assets and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

To adequately protect against the misappropriation of assets and financial reporting, we recommend the Sheriff segregate the duties noted above by allowing different deputies to perform these functions. For those duties that cannot be segregated due to a limited number of staff, strong oversight should be provided to the employee or employees responsible for these duties.

*Sheriff's Response: The Sheriff and deputies are now not only checking but also initialing everything the bookkeeper is doing.*



FULTON COUNTY  
ROBERT HOPPER, SHERIFF  
COMMENTS AND RECOMMENDATIONS  
For The Year Ended December 31, 2014  
(Continued)

INTERNAL CONTROLS – MATERIAL WEAKNESSES: (Continued)

2014-005 The Sheriff Should Maintain Documentation Of Accumulated Leave Balances

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While performing the test of payroll, it was noted that the Sheriff did not have policies and procedures in place to ensure proper documentation for accumulated leave for his employees was maintained. The failure to maintain accumulated leave balances could result in employees not receiving the full amount of days that they have earned. It could also result in the incorrect amount being paid to an employee if he/she were to leave the office.

Since the Sheriff allows employees to accumulate up to 20 days of vacation from year to year and employees are compensated for all unused vacation upon termination of employment, we recommend the Sheriff implement policies and procedures to ensure documentation of leave balances accumulated by each employee is maintained.

*Sheriff's Response: New procedures have been put into place to keep up weekly balances of vacation, sick and personal days.*

